

## Special Themes Report 2: Account opening and activation

November 2015

### HUNGER SAFETY NET PROGRAMME: PHASE 2 EVALUATIONS

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*The Special Themes reporting series allows HSNP to explore topics of interest in a systematic way. The Programme Implementation and Learning Unit (PILU) determines the topic based on questions or concerns raised through other monitoring tools, observations from the field, or current policy issues. The findings are based on multiple open-ended interviews with recipients, implementing agencies, pay agents, and county and national staff. This method allows observers to triangulate data and provide colourful insight into the issue at hand. The reports are led by Oxford Policy Management (OPM), an independent consultancy organisation.*

#### Introduction

The PILU chose as the second area of special theme study the account opening, card distribution and activation process as a precursor to the January 2016 'mop-up' operation that aims to permit the National Drought Management Authority (NDMA) along with the rest of the HSNP partners to reach 100% account opening and activation for Group 1 recipients, ie. those households that are eligible for a regular transfer. It therefore is imperative to review the challenges facing these processes to ensure the mop-up operations are done well.

#### The process

All households registered under the HSNP have been pre-assigned an inactive bank account with Equity Bank. To start receiving cash a household must complete three steps. First, Equity Bank must complete an application form with the household (this is the 'account opening' stage). Second, the recipient receives the debit card (the 'card distribution' stage). Third, the bank must verify the authenticity of the national identity card presented by the recipient in order to comply with normal bank 'Know Your Customer' regulations, and upload a digital fingerprint and photograph ('activation'). Early in phase 2 several mass exercises were undertaken to reach as many households as possible. Those that were missed are now being picked up in 'mop-up' operations. The challenge for Equity Bank has been to distribute debit cards to pastoralist households who have moved away from the location where they were registered, and to assist those households that did not previously have identity cards to obtain one so that their account can be activated. HSNP is working closely with the National Registration Bureau to fast-track the registration of identity documents by its beneficiary households.

As of November 2015 Equity Bank had opened accounts for some 96,000 of the HSNP's 100,000 target recipients, of whom 84,000 had activated their accounts and been paid. Of the remainder, about 11,000 households had no ID card and 3,000 had an invalid ID card.

Respondents of all types at county level—HSNP personnel, Equity Bank staff and rights committees—generally understood their role in account opening, card distribution and account activation. This included the mobilisation of recipients and the reporting and resolution of complaints. From our interviews with these people and their national-level counterparts we report here good practices at each stage of the process and offer some recommendations.

## Account opening

**Across all the counties the 'account opening' stage of the process is not a major concern.** As noted, according to HSNP data, Equity Bank has successfully opened a bank account for about 96% of the 100,000 intended Group 1 households. Rights committees say they receive few complaints about account opening and report that the people initially left out were mostly nomadic households who, on their return, have gone to a branch and opened an account easily. The tracing exercise in January 2016 is due to give one last effort to find the missing households, then to replace them if they still cannot be found. Respondents, including beneficiaries, stated that account opening from 2013 onwards was mostly straightforward. Problems during mobilisation had included lengthy queues during the mass registration exercises, owing in part to households believing that more than one member could have an account opened; this confusion has generally now been resolved.

Good practices that Equity Bank adopted in the account opening process include the following:

- Assigning account numbers to all accounts, even the ones with incomplete documentation, and allowing for the documentation to be sent afterwards to complete activation.
- Flexible location for account opening. Equity Bank's representatives can open beneficiaries' accounts irrespective of their location: households do not have to return to their village of residence in order to open their account.

Ahead of the mass 'mop-up' registration exercise proposed for January we make three observations, drawn from our exchanges with HSNP personnel and administrative officials at county level:

1. **Ensuring sufficient staff for 'mop-up'.** Some respondents suggested that previous exercises had been somewhat understaffed, which contributed to queues.
2. **Training to avoid clerical errors.** Many delays in the opening of individual accounts have been caused by a mismatch between the name of the household member on the account opening form and its spelling on the national identity document. These mismatch and other clerical errors was attributed by respondents to poor training of Equity Bank field operators. There is a fine balance between recruiting enough personnel to complete the mop-up exercise fast, and risking losing oversight of the quality of data entry. A reminder during training of the importance of accurate data entry could be valuable to minimise subsequent delays.
3. **Making the most of the time available.** One respondent observed that some households who were missed in previous rounds have been waiting many months to have their account opened:

'There are some names which were released from Nairobi four months ago. To date their accounts are not yet opened. When NDMA gets the names, Equity Bank is supposed to go round and open the accounts at the village level, but in some instances people are forced to come all the way to Marsabit. I have been asking what is happening at Equity Bank but to date have not been told. People continue waiting.'

Some respondents observed that in previous rounds the bank personnel did not stay very long in any community and were easily missed by households who had not heard in time about the account opening session. A clear communication campaign, including via radio or barazas, will be essential to ensure that eligible households do not miss their final opportunity in 2016.

## Card distribution

The team was not able to establish the number of people who have received their bank card but it is also thought to be high, and for Group 1 recipients is likely to include most of the 84,000 who have

already withdrawn money. During mass registration Equity Bank travelled to communities to distribute cards. This was appreciated by respondents: one recipient observed,

'I was happy that Equity brought our cards to the village and we were not required to travel to Marsabit to follow up'.

Outside these exercises, recipients must go to a bank branch to collect their card. Recipients can withdraw money even without having received their card, provided that their account is activated, by presenting a temporary 'white slip' that confirms their eligibility. This has mostly been effective as a way of allowing recipients to get their transfer without being held up by logistical challenges of issuing the cards. The white slips are creating some confusion—some households think they are in a different category of beneficiary because they have a slip rather than a card. We hope this will be resolved in the next mop-up exercise, if the teams can replace the slips with the permanent cards.

The rights committee members whom we interviewed, across all counties, reported receiving a handful of complaints from recipients each week about the process of card distribution. Other challenges were reported by programme personnel. Low rates of distribution of cards are reportedly concentrated in certain areas. For instance, a pay agent in Mandera remarked,

'Card distribution is [...] a big issue in Lafey. Many beneficiaries have the slip and they ask for the cards on a daily basis. Sometimes I think of closing that business because so many people come every day with card problems.'

A rights committee member in the same county, Mandera South, also noted that only a minority of recipients in their location had cards and the rest were using white slips to withdraw from the bank.

The challenges identified in relation to card distribution are as follows:

1. **A major issue, as with account opening, is lack of information on Equity Bank's scheduling of visits to distribute cards.** A lot of the targeted recipients do not turn up to collect their cards. We are told that about 8,000 cards are pending collection in branches. Chiefs in several locations and HSNP programme staff mentioned Equity Bank officers turning up suddenly without prior communication, reading out names for card distribution and leaving in a few hours before beneficiaries could learn about the activity. In one county the HSNP programme officer observed,  

'The SPR [the NGO responsible for social protection and rights] does mobilisation but the officers fail to attend on the day agreed and that is why there are many cards in the branch.'
2. **Poor beneficiary turnout.** Uncertainty over the schedule for visits is compounded by poor turnout by recipient households who may have competing priorities on the scheduled day, even if they have heard that the activity is planned. For the Group 2 households, who are eligible only for occasional transfers in the event of an emergency, there is less incentive than for Group 1 households to spend much money travelling to obtain their card since they are uncertain that they will receive any benefit. A more coordinated effort by the partners is required to get these cards distributed, as well as proper mobilisation of beneficiaries so that they are aware of the exact timing of the card distribution days.
3. **Logistical errors.** In Turkana, complaints are raised about the poor sorting of cards whereby a lot of the times the cards taken for distribution belong to another area.
4. **Poor service to HSNP recipients who visit the bank branch.** In all the counties, the poor reception of HSNP recipients was mentioned by stakeholders. This can put them off going to fetch their card.

## Account activation

**A major positive innovation by Equity Bank this year has been the introduction of 'smart agents'.** These are pay agents who are authorised to photograph official identity documents using smartphones and forward them to Equity Bank for approval so that households do not have to travel to the branch themselves to activate their account. This was not in Equity Bank's mandate but has worked well and has greatly reduced the queues at bank branches. Smart agents to date have contributed to the activation of more than 5,000 accounts. Most of the comments that our interviewers received about account activation have related to this process rather than the activation of accounts at the time of the mass registration exercises, which was generally straightforward.

In all counties, smart agents that we interviewed report activating a few dozen accounts during every payment cycle. In Wajir, one observed, 'On normal days (after payment rush), I do more activation than any other activity'. Many said that requests for activation were concentrated towards the start of the payment cycle. During this time priority is mainly given to the beneficiaries withdrawing funds over those requesting for account activation. Account activation activities are normally relegated to the afternoon hours. The smart agents also reported to having to get an assistance with the HSNP payments or activation especially at the beginning of the payment rounds. The process for submitting the activation request is reported to take 10–20 minutes per recipient. Equity Bank then aims to activate the account within one working day, though they recommend waiting up to three weeks to be sure that any obstacles have been overcome.

Rights committees report receiving more complaints about account activation than about account opening or card distribution. A particular challenge is that, while smart agents are able to send off information to Equity Bank on behalf of recipients, they do not receive feedback, either at the time of sending (to confirm that the documents have been sent successfully) or once the household's application has been accepted or rejected. This means that if a household's card does not work the smart agent cannot advise the reason.

The smart agents' services is appreciated. Recipients requested for there to be more smart agents who could offer more HSNP services. Some suggestions to improve efficiency include the following:

1. **Improve the distribution of smart agents throughout the county.** The uneven distribution of smart phones has led to many beneficiaries travelling long distances to smart agents or bank branches to activate accounts. In Mandera one HSNP representative noted,

'The smart phones were not distributed well. Most smart phones were given to Mandera South and Mandera East and when you look at the distribution of inactive accounts the areas in need like Banisa, Lafey, Mandera North and West were left out. The smart phones were given on a first come, first served basis and they didn't consider the need of the other areas.'

2. **Address hardware / software issues.** Many new smart agents report having software problems initially. The smart phones are reported by the pay agents to generally work well when configured, with only network issues delaying the sending of activation requests. Occasionally technical problems last longer, as reported by a pay agent in Mandera:

'I was given the smart phone for the account opening process in June but till now the phone hasn't worked. I have been following up with this issue almost on a weekly basis but it's still not fixed by the bank. In Damasa especially, almost all beneficiaries have inactive accounts. These people are struggling and have to travel the 120km to the bank in Mandera.'

In Turkana two agents reported that they would send damaged equipment to repairmen and meet the cost for repair.

One respondent noted that the Technical Working Group had discussed the redistribution of phones to give another agent the same smart phone, in order to resolve the distribution problem just cited, but that because of technical 're-configuration issues' it was difficult to do so. This suggests that the resolution of technical difficulties could also resolve other challenges.

3. **Extra training needed for smart agents.** Some did not know that they could take beneficiary activation details when smart phones were offline and upload when they got internet access.
4. **Keep smart agents updated on the progress of applications that they have passed to Equity Bank.** This could be done via a text message. Two households that we interviewed had not had their accounts activated four months after the smart agent had submitted their documents, but with no response from Equity Bank. In such cases the agent does not know the reason for the delay.

## Reporting and field monitoring

Information is shared to varying degrees between HSNP partners and national and county level. At the moment all stakeholders can get reports from the management information system (MIS) which is open on the HSNP website. Information on the number of recipients and the proportion covered from each group down to sublocation level can be gathered in the MIS, as can the number of active and inactive accounts (though not the number of cards distributed). This information is, however, not real time and depends on data synchronisation between NDMA and Equity. It is reported that HSNP and Equity Bank are to introduce data synchronisation between their systems, which will ensure continuous updates and help in monitoring account opening. This will be an example of good practice.

At the county level, the HSNP officers also get their information directly from Equity Bank during the Technical Working Group meetings as well as from bank officers themselves, although this varies from county to county. In Marsabit, Equity Bank seems to share comprehensive updates with the county stakeholders, while in the other counties they rely more on the bi-weekly MIS update.

HSNP partners at both national and local level advocated for improvements in the response to complaints regarding account activation and card distribution. This tallies with our observation in a previous thematic report that the collection of complaints is more efficient than their resolution. A national-level respondent recommended 'exit reports' from any field visits by all parties that include a sign-off section confirming who is accountable for following up on any issues. In Wajir, a rights committee member commented that,

'The complaints that we pass to the SPR [social protection and rights NGO] should be solved so that we restore our dignity in the community as many of us are seen to not be working'.

Bank officials' monitoring visits vary depending on the counties from weekly to a monthly or bi-monthly basis. Most visits are purposeful e.g. during card distribution or account opening but they combine the visit with supervision of the pay agents to offer field support in repairing of broken machines, supervising payments and finding out their challenges. It is important to ensure that if issues about account opening, card distribution or activation are identified either during these visits or on an ad-hoc basis then the channel by which they will be resolved should be clearly known to all partners.

## Methods

OPM field teams and RGA team supervisors conducted interviews between 3 and 20 November 2015. A total of 51 interviews were conducted during this special theme study. Interviews with RCs, smart pay agents, and beneficiaries activating accounts were conducted in areas where smart agents operate. The county and national interviews were also conducted as per the below table.

**Table 1: List of interviews conducted**

Stakeholder	Wajir	Mandera	Turkana	Marsabit
<b>Number of interviews</b>				
County HSNP Programme Manager	1	1	1	1
County HSNP Programme Officer	1	2	1	1
Equity Branch Manager / Programme Officer	1	0	1	1
Member of County Assembly	1	2	1	1
Rights Committee (RC) members	3	3	2	2
Pay Agents / Smart Agent	2	4	3	2
Beneficiaries	0	3	3	3
Total Interviews	9	15	12	11
<b>Total county interviews</b>	<b>47</b>			
<b>National level interviews</b>				
Equity HSNP Programme Manager	1			
FSD HSNP Programme Manager	1			
PILU Operations Manager	1			
PILU MIS Specialist	1			
<b>Total interviews</b>	<b>4</b>			

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